

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6956**

**BILL NUMBER:** HB 1210

**NOTE PREPARED:** Jan 11, 2012

**BILL AMENDED:**

**SUBJECT:** PSAP Funding.

**FIRST AUTHOR:** Rep. Steuerwald

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill authorizes counties (other than Marion County) to adopt an additional local option income tax rate under the county adjusted gross income tax or the county option income tax laws, without first adopting additional tax rates for property tax relief if the revenue is used to fund the operations of the public safety answering points (PSAPs) in the county. It requires a political subdivision that operates a PSAP receiving the income tax revenue to reduce its property tax levy for funding a PSAP by the estimated amount of local option income taxes that the PSAP will receive in the ensuing calendar year. The bill provides that the additional rate is subject to the maximum rate of 0.25% that current law imposes on additional rates for public safety.

The bill changes the permitted uses of revenue used to fund PSAPs. The bill also adds two members to the Wireless Enhanced 911 Advisory Board. It also increases the wireless emergency enhanced 911 fee from \$0.50 to \$1.25. The bill increases a provider's collection allowance proportionately. It also increases the enhanced prepaid wireless charge from \$0.25 to \$1.25. It removes the Wireless Enhanced 911 Advisory Board's discretion to adjust the fees. It also repeals the conditional expiration of the enhanced prepaid wireless charge.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** *Wireless Enhanced 911 Advisory Board:* This bill adds two members to the Wireless Enhanced 911 Advisory Board. Current statute provides that board members are entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties.

*Department of State Revenue (DOR) and the State Budget Agency (SBA):* The DOR and the SBA would be

required to adjust certified distributions if tax rate increases are adopted by county fiscal bodies. The DOR and the SBA should be able to carry out this provision within their existing resources.

**Explanation of State Revenues:** (Revised) *Wireless Emergency Enhanced 911*: This bill increases the wireless emergency enhanced 911 fee from \$0.50 to \$1.25. The bill also increases the enhanced prepaid wireless charge from \$0.25 to \$1.25 and repeals the conditional expiration of the enhanced prepaid wireless charge. It also increases a provider's collection allowance proportionately. It is estimated that the fees proposed in this bill would increase 911 fee revenue by \$45.2 M annually.

Under current statute, counties receive 91 fee revenue based on two distribution formulas. One distribution is based on population and in the other distribution each county gets an equal share. The table below shows the fee revenue distribution under current statute based on current collections and how it would be distributed under this bill.

	<b>Current Statute Wireless Rate Distribution</b>	<b>Current * Statute Prepaid Rate Distribution</b>	<b>Proposed Prepaid and Wireless Rate Distribution</b>	<b>Current Statute Wireless and Prepaid Revenue Distribution</b>	<b>Proposed Wireless and Prepaid Revenue Distribution</b>	<b>Increase in Revenue Distribution</b>
Wireless 911 Board	\$0.01	\$0.005	\$0.01	\$0.537 M	\$0.577 M	\$0.039 M
Distribution based on a county's percentage of state population	\$0.34	\$0.172	\$1.017	\$18.490 M	\$58.698 M	\$40.208 M
Distribution to counties based on equal share	\$0.04	\$0.020	\$0.116	\$2.096 M	\$6.695 M	\$4.599 M
Deposited in an escrow account to be used for costs associated with other wireless enhanced 911 services mandated by the FCC	\$0.107	\$0.053	\$0.107	\$5.751 M	\$6.176 M	\$0.424 M
<b>Total Fee</b>	<b>\$0.50</b>	<b>\$0.25</b>	<b>\$1.25</b>	<b>\$26.874 M</b>	<b>\$72.146 M</b>	<b>\$45.271 M</b>

\*Note: IC 36-8-16.6-18 provides that revenue from prepaid fees must distributed in the same manner as revenue from wireless fees

### **Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Wireless Emergency Enhanced 911 Fee Revenue*: See *Explanation of State Revenues* for the additional revenue generated to be distributed to counties.

*LOIT for Public Safety*: This bill would allow counties to adopt LOIT for public safety without having to adopt rates to freeze property tax levies and rates for property tax relief if the revenue will be used to fund PSAPs. Counties that adopt the rate under the bill's provisions must spend the certified distribution attributable to the new rate to fund the operations of the PSAPs located in the county. The rate may not

exceed 0.25%, which is the same rate limitation under current statute for LOIT for public safety. Any impact will depend upon local action.

If a county adopts a public safety LOIT under this provision, the county council in CAGIT counties, or the county income tax council in COIT counties, would determine the amount of the LOIT revenue distributed to each taxing unit in the county with a PSAP. The maximum levies for taxing units that receive PSAP LOIT funding under this bill would be reduced by the amount of the distribution.

Total revenues would not change because of the levy reduction. Public safety LOIT would be treated as part of the property tax levy so that distributions of miscellaneous revenues that are distributed on the basis of property tax levy would be unchanged.

There could, however, be an effect on circuit breaker losses. If property tax levies are reduced, exposure to the circuit breaker caps would also be reduced. Taxing units that (1) intersect with units having a PSAP, and (2) currently have circuit breaker losses, could see a reduction in circuit breaker losses and a corresponding increase in net property tax revenue.

**Background Information:**

**911 Fee Revenue-** The table below shows the fee revenue from the wireless emergency enhanced 911 fee and the enhanced prepaid wireless fee over the last 3 fiscal years.

<b>Fiscal Year</b>	<b>Revenue from wireless enhanced 911 fee</b>	<b>Revenue from prepaid wireless fee</b>	<b>Total 911 Fee Revenue</b>
2009	\$25.18 M	\$3.51 M	<b>\$28.69</b>
2010	\$24.60 M	\$3.75 M	<b>\$28.35</b>
2011	\$24.89 M	\$2.32 M*	<b>\$27.22</b>
*The prepaid wireless fee was decreased from \$0.50 to \$0.25			

The bill provides that revenue from the wireless emergency enhanced 911 fee and the emergency telephone fee can only be used for the following:

- (1) Expenses associated with communications service equipment located within the physical structure that houses a PSAP, including:
  - (A) maintenance costs;
  - (B) costs for the purchase of radio equipment; and
  - (C) costs for the purchase or lease of telephone lines, fiber optic cables, or microwave links.
- (2) Necessary system hardware and software and data base equipment.
- (3) Personnel expenses, including wages, benefits, training, and continuing education.
- (4) Consumer education concerning 911 service.
- (5) Operational costs, including costs associated with:
  - (A) utilities;
  - (B) maintenance;
  - (C) equipment designed to provide backup power or system redundancy, including generators; and

- (D) call logging equipment.
- (6) Connectivity to the Indiana data and communication system (IDACS).
- (7) An emergency telephone notification system under IC 36-8-21.
- (8) Radio equipment for first responder agencies.

*LOIT for Public Safety-* Twenty-one counties have adopted LOIT for public safety, and their total CY 2012 certified distribution is about \$92 M. Marion County imposes LOIT to freeze property tax levies and LOIT for public safety. Thirteen counties impose LOIT for property tax relief and LOIT for public safety. Seven counties impose all three additional LOIT rates.

**State Agencies Affected:**

**Local Agencies Affected:** Local units.

**Information Sources:** State Budget Agency, CY 2012 Advisory Distribution Amounts and LOIT tax rates as of November 30, 2011; Vicky Pool, TOS, 317-232-6260.

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